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**1992/02/12**

**UNCLASSIFIED**

TO: Bob Winship

FROM: M - Bob Hopper

This is  
what I'm doing about  
permitted  
countries.

2/12/92

(14)

Subject: Possible Hill Briefing on Sanctions Legislation  
related to Chinese launches of US-built Satellites

**RELEASED**

John Osthause, the staff director of the House Appropriations subcommittee (JCS) which funds State Department operations called late last week to enquire about the status of our implementation of the satellite provision placed once again last session by Senator Hollings into out bill (attached). He said he is getting some worried queries (probably from Subcommittee member Nancy Pelosi) that the President is getting ready to lift all sanctions on China.

Osthaus said he wants a briefing on the Hollings provision so that he can answer such questions and to prepare for efforts by Hollings to reintroduce some version of the legislation. I don't believe he is on a general fishing expedition but we should not mislead him on our approach to China if truly momentous changes are in the works.

ACTION: Could you agree to meet with Osthaus Thursday or Friday of this week? I would go with you.

BACKGROUND:

--China launch of US built satellites: in recent years Sen Hollings has placed a sanction provision in our bill prohibiting export licenses to US satellites for the purpose of their being launched by Chinese. Key issue for Hollings has been charges by US aerospace launch companies -- who have direct and frequent contact with him in his role as Chairman of the Senate Commerce Committee -- that Chinese illegally subsidize their own launch industry and thus undercut them in competing for this market. The Hollings provision, which supplements related existing sanctions, does allow for a presidential waiver. Both House and Senate staffers have reported hearing recent rumors that President is seeking "to remove" sanctions on China and they want to know if it includes this one which is mandated in law. I think they may be confusing it with MFN related issues and unilateral executive branch actions.

Note: At some point we might want to offer a similar briefing to Senator Hollings CJS staff.

RFHopper rm 4417A x73032

**UNCLASSIFIED**

Sec. 606. (a) None of the funds provided under this Act or provided from any accounts in the Treasury of the United States derived by the collection of fees available to the agencies funded by this Act shall be available for obligation or expenditure through a reprogramming of funds which: (1) creates new programs; (2) eliminates a program, project, or activity; (3) increases funds or personnel by any means for any project or activity for which funds have been denied or restricted; (4) relocates an office or employees; (5) reorganizes offices, programs, or activities; or (6) contracts out or privatizes any functions or activities presently performed by Federal employees; unless the Appropriations Committees of both Houses of Congress are notified fifteen days in advance of such reprogramming of funds.

(b) None of the funds provided under this Act or provided from any accounts in the Treasury of the United States derived by the collection of fees available to the agencies funded by this Act shall be available for obligation or expenditure for activities, programs, or projects through a reprogramming of funds in excess of \$50,000 or 10 per centum, whichever is less, that: (1) augments existing programs, projects, or activities; (2) reduces by 10 per centum funding for any existing program, project, or activity, or numbers of personnel by 10 per centum as approved by Congress; or (3) results from any general savings from a reduction in personnel which would result in a change in existing programs, activities, or projects as approved by Congress, unless the Appropriations Committees of both Houses of Congress are notified fifteen days in advance of such reprogramming of funds.

SEC. 607. Funds appropriated to the Legal Services Corporation and distributed to each grantee funded in fiscal year 1992 pursuant to the number of poor people determined by the Bureau of the Census to be within its geographical area shall be distributed in the following order:

- (1) grants from the Legal Services Corporation and contracts entered into with the Legal Services Corporation under section 1005(a)(1) shall be maintained in fiscal year 1992 at not less than \$9.76 per poor person within the geographical area of each grantee or contractor under the 1980 census or 8 cents per poor person more than the annual per-poor-person level at which funding was appropriated for each grantee and contractor in Public Law 101-515, whichever is greater; and
- (2) each such grantee shall be increased by an equal percentage of the amount by which such grantee's funding, including the increase under (1) above, falls below \$18.89 per poor person within its geographical area under the 1980 census.

Provided, That none of the funds appropriated in this Act for the Legal Services Corporation shall be expended for any purpose prohibited or limited by or contrary to any of the provisions of Public Law 101-515, and that, except for the funding formula, all funds appropriated for the Legal Services Corporation shall be subject to the same terms and conditions set forth in Public Law 101-515.

*Provided further,* That, for the purposes of the previous proviso, all references to "1991" in Public Law 101-515 shall be deemed to be "1992".

Src. 608. (a) No funds provided by this Act may be used to reinstate or approve any export license applications for the launch of United States-built satellites on Chinese-built launch vehicles unless the President waives such prohibition in the national interest.

## Disadvantaged

or under subsection (b) of this section. The term export license applications also includes requests for approval of technical assistance agreements or services that would serve to facilitate launch of such satellites.

(b) The restriction on the approval of export licenses for United States-built satellites to the People's Republic of China for launch on Chinese-built launch vehicles contained in subsection (a) may be waived by the President on a case-by-case basis upon certification by the United States Trade Representative that the People's Republic of China is, with regard to the respective satellite components, or technology related thereto, for which the export license request is pending, in full compliance with the Memorandum of Agreement Between the Government of the United States of America and the Government of the People's Republic of China Regarding International Trade in Commercial Launch Services.

Sec. 609. (a) Section 8(g)(1) of the Small Business Act (15 U.S.C. 634(g)(1)) is amended by striking "except separate trust certificates shall be issued for loans approved under section 7(a)(18)" and inserting in lieu thereof the following: "under section 502 of the Small Business Investment Act of 1958 (15 U.S.C. 660)".

(b) Section 7(a)(18) of the Small Business Act (15 U.S.C. 636(a)(18)) is amended by striking "or a loan under paragraph (18)" from the first sentence.

(c) Section 215(e)(2) of the Small Business Administration Re-authorization and Amendments Act of 1990 (Public Law 101-574) is amended by striking "July 1, 1991," and inserting in lieu thereof "July 1, 1992".

(d) The Small Business Act is amended by adding the following new section:

## "SEC. 18. PILOT TECHNOLOGY ACCESS PROGRAM.

"(a) ESTABLISHMENT.—The Administrator, in consultation with the National Institute of Standards and Technology and the National Technical Information Service, shall establish a Pilot Technology Access Program, for making awards under this section to Small Business Development Centers (hereinafter in this section referred to as "Centers").

"(b) CRITERIA FOR SELECTION OF CENTERS.—The Administrator of the Small Business Administration shall establish competitive, merit-based criteria for the selection of Centers to receive awards on the basis of—

"(1) the ability of the applicant to carry out the purposes described in subsection (d) in a manner relevant to the needs of industries in the area served by the Center;

"(2) the ability of the applicant to integrate the implementation of this program with existing Federal and State technical and business assistance resources; and

"(3) the ability of the applicant to continue providing technology access after the termination of this pilot program.

"(c) MATCHING REQUIREMENT.—To be eligible to receive an award under this section, an applicant shall provide a matching contribution at least equal to that received under such award, not more than 50 percent of which may be waived overhead or in-kind contributions.

"(d) PURPOSE OF AWARDS.—Awards made under this section shall be for the purpose of increasing access by small businesses to on-line data base services that provide technical and business information.

Decorations,  
medals, awards.  
Small business.  
15 USC 683 note.

# *Report language*

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The House bill contained no similar provisions.

The conferees are optimistic that reauthorization legislation for the Legal Services Corporation will be enacted during this Congress to address, and supersede, many of the legislative provisions which have been carried year after year in appropriations bills.

Amendment No. 174: Deletes language proposed by the Senate which would have prohibited any person who has served as the United States Trade Representative from representing foreign governments within five years after leaving office.

The House bill contained no provision on this matter.

Amendment No. 175: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the Senate amendment with an amendment as follows:

In lieu of the section number named in said amendment, insert: 608 and after the word "prohibition" in new Sec. 608(a), insert the following: *in the national interest or*

The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

The conference agreement adds section 608 to the bill. Subsection (a) prohibits the use of funds in the Act to approve any export license application for the launch of U.S.-built satellites on Chinese-built launch vehicles unless the President waives such prohibition in the national interest or under subsection (b) of this section. Under the conference agreement subsection (b) provides that the restriction on the approval of export licenses for U.S.-built satellites to the People's Republic of China for launch on Chinese-built launch vehicles contained in subsection (a) may be waived by the President on a case-by-case basis upon certification by the United States Trade Representative that the People's Republic of China is in full compliance with the memorandum of agreement between the Government of the United States and the Government of the People's Republic of China regarding international trade in commercial launch services.

The Senate had proposed the provisions in the conference agreement except for the authority of the President to waive this provision in the national interest. The House bill contained no provision on this matter.

Amendment No. 176: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate with an amendment as follows:

In lieu of the matter inserted by said amendment, insert the following:

*Sec. 609. (a) Section 5(g)(1) of the Small Business Act (15 U.S.C. 634(g)(1)) is amended by striking "except separate trust certificates shall be issued for loans approved under section 7(a)(18)" and inserting in lieu thereof the following: "or under section 502 of the Small Business Investment Act of 1958 (15 U.S.C. 660)." (b) Section 7(a)(18) of the Small Business Act (15 U.S.C. 636(a)(18)) is amended by striking "or a loan under paragraph (18)" from the first sentence.*

*(c) Section 215(a)(2) of the Small Business Administration Reauthorization and Amendments Act of 1990 (Public Law 101-574) is*

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